

## Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 AGRE-00 CIAE-00 COME-00 EB-08  
INR-10 LAB-04 NSAE-00 SP-02 STR-07 TRSE-00 FRB-03  
OMB-01 DODE-00 PM-05 H-01 L-03 NSC-05 PA-01  
SS-15 ICA-11 /089 W  
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R 130735Z APR 78  
FM AMCONSUL HONG KONG  
TO SECSTATE WASHDC 9886  
INFO AMEMBASSY TAIPEI  
AMEMBASSY TOKYO  
USLO PEKING

C O N F I D E N T I A L HONG KONG 4663

E.O. 11652: GDS  
TAGS: EIND, ELAB, EFIN, EAGR, ESOC, CH  
SUBJECT: OBSERVATIONS IN WUHAN, HUPEI PROVINCE

1. SUMMARY: THE WUHUB STEEL MILL AND THE WUHAN TRACTOR PLANT HAVE DISTRIBUTED WAGE INCREASES TO 60 AND 62 PERCENT OF THEIR WORKERS, RESPECTIVELY. SOME UNITS AT THE STEEL MILL HAVE INSTITUTED A MONTHLY BONUS SYSTEM. NEITHER THE FACTORIES NOR THE UNIVERSITY HAVE ABOLISHED REVOLUTIONARY COMMITTEES, BUT A LOCAL COMMUNE HAS DONE SO BELOW THE COMMUNE LEVEL. SALES OF FOREIGN AND DOMESTICALLY-RATIONED WRISTWATCHES AND "EXPORT ONLY" TEXTILES ON THE LOCAL MARKET EVIDENCED GOVERNMENT EFFORTS AT PURCHASING POWER ABSORPTION. JUST SOUTH OF WUHAN FARMERS WERE PLOWING UNDER GREEN MANURE THAT WAS PLANTED ON 60-80 PERCENT OF THE LAND. THE WATER LEVEL OF THE YANGTSE AND PARTICULARLY THE HAN SUI RIVER WAS LOW. END SUMMARY

2. LIFE IN WUHAN, HUPEI PROVINCE, APPEARED RELAXED AND TOTALLY NORMAL DURING A VISIT BY USLO OFFICER ON APRIL 9-11. THE CITY WAS DEVOID OF POLITICALLY SIGNIFICANT POSTERS OR ANY EVIDENT POLITICAL ACTIVITY. FACTORY  
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AND UNIVERSITY OFFICIALS VIVIDLY DESCRIBED THE ANXIETY OF THE GANG OF FOUR PERIOD AND THE MORE HOPEFUL CLIMATE CREATED BY THEIR DOWNFALL. THIS WAS PARTICULARLY TRUE AT WUHAN UNIVERSITY WHICH IS NOW PLANNING SIGNIFICANT CHANGES THAT WILL AMOUNT AT THE LEAST TO A RESORTATION OF A STATUS QUO ANTE.

3. THE WUHAN STEEL MILL (90,000 EMPLOYEES) AND THE WUHAN TRACTOR FACTORY (1,700) HAD DISTRIBUTED WAGE INCREASES BEFORE THE SPRING FESTIVAL TO 60 AND 62 PERCENT OF THE WORKERS, RESPECTIVELY. THE INCREASES AT THE STEEL MILL AMOUNTED TO 5-7 YUAN A MONTH.

4. SOME UNITS OF THE STEEL PLANT HAD RESTORED BONUSES BUT MOST STILL PAID ONLY A TIME RATE. THE TRACTOR FACTORY IS PLANNING TO RESTORE THE MONTHLY BONUS SYSTEM THAT EXISTED BEFORE THE CULTURAL REVOLUTION.

5. OF ALL THE UNITS VISITED, ONLY THE HUA-SHAN (FLOWER MOUNTAIN) COMMUNE HAD IMPLEMENTED RECENT DECISIONS ON ABOLISHING REVOLUTIONARY COMMITTEES. THE TWO FACTORIES WERE STILL WAITING FOR CONCRETE INSTRUCTIONS FROM HIGHER AUTHORITIES. THE UNIVERSITY IS WAITING FOR THE RESULTS OF THE NATIONAL EDUCATION CONFERENCE WHICH WILL DISCUSS THIS QUESTION.

6. WUHAN UNIVERSITY IS IMPLEMENTING A NUMBER OF CHANGES IN COURSES AND TEXTBOOKS DESIGNED TO GIVE UNDERGRADUATE STUDENTS A THOROUGH FUNDAMENTAL KNOWLEDGE OF THEIR SUBJECTS. THIS YEAR THE SCHOOL WILL ADMIT ABOUT 200 GRADUATE STUDENTS FOR A FOUR-YEAR COURSE PROVIDING THE EQUIVALENT

OF A PHD. NOT ALL 200 WILL GRADUATE. AFTER TWO YEARS  
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AN EXAM WILL BE GIVEN TO SELECT THE MOST PROMISING FOR CONTINUATION OF THEIR STUDIES. THE UNIVERSITY WILL SOON INAUGURATE A STUDENT AND TEACHER EXCHANGE PROGRAM WHEREIN CHINESE STUDENTS AND PROFESSORS WILL STUDY ABROAD FOR PERIODS OF 1-4 YEARS AND SOME FOREIGN EXPERTS WILL BE GIVEN LECTURER POSITIONS AT THE UNIVERSITY.

8. USLO OFFICER OBSERVED A SIGN IN ONE LARGE DEPARTMENT STORE STATING THAT A PARTICULAR EXPORT BRAND COTTON AND WOOL BLEND SWEATER WAS BEING OFFERED FOR DOMESTIC SALE. (A SIMILAR SIGN WAS OBSERVED IN TAIYUAN, SHANSI PROVINCE, LAST MONTH.) THE SWEATER REQUIRED SOME RATION CARDS BUT OTHER EXPENSIVE BUT ATTRACTIVE SYNTHETIC TEXTILES DID NOT. OUTSIDE A WATCH STORE A POSTER ANNOUNCED THAT PERSONS ON THE WAITING LIST FOR SHANGHAI WATCHES WHO POSSESSED CERTAIN NUMBERS COULD COME AND BUY THE WATCHES. INSIDE THE SHOP DOMESTIC WATCHES WERE BEING OFFERED FOR ABOUT 100 YUAN AND IN SOME CASES WERE RATIONED WHILE A VARIETY OF FOREIGN WATCHES COSTING 220-900 YUAN WERE BEING OFFERED FOR UNRESTRICTED PURCHASE. ( COMMENT: THESE SCENES EVIDENCE THE GOVERNMENT'S EFFORTS TO SOAK UP PURCHASING POWER.)

9. COMMUNE OFFICIALS STATED THAT RAINFALL THIS YEAR HAD BEEN NORMAL AND FIELDS LOOKED ADEQUATELY WATERED. NONE-THELESS, THE YANGTSE AND PARTICULARLY THE HAN SUI RIVER SEEMED TO HAVE QUITE LOW WATER LEVELS. THE LARGE OCEAN-GOING VESSELS OBSERVED IN WUHAN LAST SEPTEMBER WERE NOWHERE TO BE SEEN ON THE YANGTSE, WHOSE FREIGHT TRAFFIC APPEARED UNUSUALLY LIGHT.

10. IN COMMUNES SURROUNDING AND TO THE SOUTH OF WUHAN LUSH GREEN MANURE WAS GROWING ON SOME 60-80 PERCENT OF THE LAND, WITH THE PRINCIPLE OTHER CROPS BEING RAPE AND WHEAT. IN SOME AREAS THE GREEN MANURE WAS BEING PLOWED UNDER IN PREPARATION FOR RICE PLANTING. ALL CROPS LOOKED EXCELLENT.  
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## Message Attributes

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